

MEETING: 9 AUGUST 2018

MINUTES OF PREVIOUS MEETING

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Minutes of the 447<sup>th</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 7 June 2018, at 10.15am

PRESENT: Graham Sharp (Chair)  
Sandy Cumming  
Alan Campbell  
Sophie Flemig  
Ronnie Hinds  
Tim McKay  
Stephen Moore  
Pauline Weetman  
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Carol Calder, Senior Manager, PABV [Item 8]  
Anne Cairns, Audit Manager, Professional Support Team [Item 13]  
Angela Canning, Assistant Director, PABV [Item 13]  
Carol Hislop, Senior Audit Manager, Audit Services Group (ASG) [Items 9 and 10]  
Leigh Johnston, Senior Audit Manager, PABV [Items 9, 10 and 12]  
Fiona Kordiak, Director of Audit Services [Item 13]  
Zahrah Mahmood, Lead Senior Auditor, ASG [Items 9 and 10]  
Fiona Mitchell-Knight, Assistant Director, ASG [Items 9 and 10]  
Ronnie Nicol, Assistant Director, PABV [Item 8]  
Dharshi Santhakumaran, Audit Manager, PABV [Item 12]  
Rebecca Smallwood, Senior Auditor, PABV [Item 14]  
Claire Sweeney, Associate Director, PABV [Items 11 and 12]

Item No    Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 10 May 2018
5. Audit Scotland Board update
6. Update report by the Secretary to the Accounts Commission
7. Update report by the Controller of Audit
8. Local government overview report: impact and approach for 2019
9. Best Value Assurance Report: West Dunbartonshire Council
10. Best Value Assurance Report: West Dunbartonshire Council
11. Strategic Scrutiny Group Update
12. Performance audit – draft report: Children and young people’s mental health
13. National Fraud Initiative
14. Scottish Government and CoSLA Consultation: Early learning and childcare service model for 2020: draft response
15. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Sheila Gunn.

2. Declarations of interest

The following declarations of interest were made:

- Sandy Cumming, in item 14, since a close family member is employed in early learning and childcare policy.
- Geraldine Wooley, in item 13, as a member of Fife Joint Valuation Appeal Committee, in relation to references in the report to council tax fraud.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Item 10 require the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 11 presents an update on discussions with strategic scrutiny partners which may include confidential policy matters that the Commission would wish to discuss in private before proceeding.
- Item 12 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 13 proposes a draft report which the Commission is to consider in private before it is published.
- Item 14 is a draft response to a Scottish Government consultation on which the Commission may wish to discuss confidential policy matters.
- Item 15 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 15 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 10 May 2018

The minutes of the meeting of 10 May 2018 were approved as a correct record, subject to:

- In relation to item 2, second bullet point, replacing “employed by East Ayrshire Council” with “resident in East Ayrshire”.
- In relation to item 8, first bullet point, replacing “Stephen Moore” with “Sophie Flemig”.

Arising therefrom, the Commission:

- In relation to item 8, eighth bullet point, noted advice from the Controller of Audit on the involvement of Capita in providing services for Scottish councils.
- In relation to items 10 to 12, noted advice from the Secretary that the Commission’s annual report, engagement plan progress report, updated strategy, and updated engagement plan were published on 7 June.

5. Audit Scotland Board update

The Commission noted a report by the Secretary providing an update on the business of the Audit Scotland Board.

6. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 64, in response to a query from Pauline Weetman, noted advice from the Controller of Audit that he would consider the application of the NAO report *Transformation guidance for audit committees* to audit work.
- In relation to paragraph 70, noted advice from Alan Campbell that he, as sponsor of the forthcoming impact report on roads maintenance, would consider how published Automobile Association impact figures feature in the impact report.
- In relation to paragraph 71, in response to a query from Geraldine Wooley, to note advice from the Secretary that he would clarify the country coverage of the Moore Stephens report on funding in the social care sector.

*Action: Secretary*

- In relation to paragraph 75, in response to a query from Stephen Moore, to note advice from the Secretary that he would clarify the recipients of the UK Government's funding commitment to the replacement and removal of unsafe cladding on council and housing association tower blocks.

*Action: Secretary*

Following discussion, the Commission noted the report.

7. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

8. Local government overview report: impact and approach for 2019

The Commission considered a report by the Director of PABV providing a summary of the initial impact of the two local government overview reports published during 2017/18, *Local government in Scotland: Financial overview 2016/17*, and *Local government in Scotland: Challenges and performance 2018*; and inviting the Commission to consider the development of overview reporting for 2019 and beyond.

Following discussion, the Commission:

- Noted the initial impact of the overview reports in 2017/18.
- Noted advice from the Director and Secretary, in response to a query from Sophie Flemig, that further work is ongoing in relation to improving the

approach to gauging impact of the overview and other audit work, progress of which would be reported to the Commission's committees.

- Agreed, in addition to the focus areas set out in paragraph 28 of the report, and in relation to points raised by various members, that the following be considered in the development of overview reports:
  - Addressing matters associated with non-domestic rates.
  - Increasing the focus on the funding distribution mechanism.
  - Considering the relationship between population patterns and funding distribution.
  - Focusing more on workforce management issues, such as the role of staff input and feedback.

*Action: Director of PABV*

- Agreed the proposed approach to overview reporting in the future, including timescales for 2018/19.

*Action: Director of PABV*

- Agreed that the Commission, rather than its committees, consider the scope and emerging messages for both overview reports.

*Action: Director of PABV*

- Agreed further in this regard that the Commission, in considering scope and draft report, consider in more depth how to convey messages in the reports to stakeholders.

*Action: Secretary and Director of PABV*

9. Best Value Assurance Report: West Dunbartonshire Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report on West Dunbartonshire Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

10. Best Value Assurance Report: West Dunbartonshire Council [private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the Best Value Assurance Report of West Dunbartonshire Council.

Following discussion, the Commission agreed to make findings, to be published on 28 June 2018.

*Action: Secretary*

11. Strategic Scrutiny Group update [private]

The Commission considered a report by the Director of PABV updating the Commission on the work of the Strategic Scrutiny Group (SSG).

Following discussion, the Commission agreed:

- To note the update on the work of the Strategic Scrutiny Group

- To advise councils and ministers in early course of the progress and current position as set out in the report.

*Action: Secretary and Director of PABV*

12. Performance audit – draft report: Children and young people’s mental health [private]

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report *Children and young people’s mental health*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Sheila Gunn and Geraldine Wooley.
- To approve the publication and promotion arrangements for the report.

*Actions: Director of PABV and Secretary*

13. National Fraud Initiative [private]

The Commission considered a report by the Director of Audit Services on the 2016/17 National Fraud Initiative exercise, presented to the Commission for comment.

Following discussion, the Commission agreed:

- To note the draft report of the 2016/17 NFI exercise.
- To note the proposed publication arrangements.
- To promote the messages in the report to stakeholders including the Local Government and Communities Committee.
- Further in this regard and in particular promote with councils the following:
  - The benefits of the optional data matching exercise in relation to social care payments in relation to deceased customers.
  - The good practice case study in relation to duplicate and erroneous payments to creditors.
  - The benefits of audit committee consideration of the results of the external auditor review of NFI arrangements, particularly the relatively poor and deteriorating performance of local government in comparison to other sectors.

*Action: Director of ASG and Secretary*

14. Scottish Government Consultation: Early learning and childcare service model for 2020: draft response

The Commission considered a report by the Secretary to the Commission presenting a proposed draft response from the Commission on the Scottish Government and COSLA consultation paper ‘A blueprint for 2020: the expansion of early learning and childcare in Scotland - early learning and childcare service model for 2020’.

Following discussion, the Commission agreed the terms of the response, to be

made by Audit Scotland on behalf of the Commission and the Auditor General, subject to the response reflecting the points raised in discussion.

*Action: Director of PABV and Secretary*

15. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.